

Message Text

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ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 NSCE-00 /026 W

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O R 170954Z SEP 75

FM AMEMBASSY KUALA LUMPUR

TO SECSTATE WASHDC IMMEDIATE 1290

INFO AMEMBASSY JAKARTA

AMEMBASSY SINGAPORE

S E C R E T KUALA LUMPUR 5557

EXDIS

E.O. 11652: GDS

TAGS: PFOR, MILL, MY

SUBJ: M-16 PURCHASE

REF: KL 5268

1. COLT REPRESENTATIVE ROB ROY TOLD DCM SEPT 18 THAT GOM HAD SIGNED CONTRACT EARLIER IN DAY TO PURCHASE 41,000 M-16 RIFLES FOR CASH. TOTAL SALE, INCLUDING EXTRAS SUCH AS SCOPES, TRIPODS, MAGAZINES, ETC., IS FOR US\$12,820,000 FAS PORT OF NEW YORK. GOM WILL PAY TEN PERCENT DOWN WITHIN 30 DAYS AND OPEN LETTER OF CREDIT WITHIN 45 DAYS. COLT HAS AGREED TO DELIVER 10,000 RIFLES WITHIN 120 DAYS FROM EFFECTIVE DATE OF CONTRACT. THE OTHER 31,000 RIFLES WILL BE DELIVERED WITHIN SIX MONTHS. THERE IS AN OPTION, GOOD THROUGH MAR 31, FOR 20,000 ADDITIONAL RIFLES AT THE SAME COST FOR DELIVERY IN 1976.

2. COLT AND GOM ARE CONTINUING TO DISCUSS POSSIBILITY OF ASSEMBLY PLANT HERE WHERE ANOTHER 80,000 RIFLES WOULD BE ASSEMBLED AT THE RATE OF 2,500 PER MONTH BEGINNING SOME TIME AFTER MID-YEAR 1976.

3. ROY COMMENTS THAT PROCUREMENT OF 5.56 MM AMMUNITION COULD BE PROBLEM FOR GOM. LOCAL PLANT IS BEING RETOOLED

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BUT THIS HAS NOT BEEN COMPLETED. FURTHERMORE, PLANT WILL

PRODUCE ONLY 15 MILLION ROUNDS A YEAR WHICH WILL NOT BE NEARLY ENOUGH AT CONTEMPLATED USE OF RIFLES. GOM HAS NOT YET PUT OUT TENDERS FOR AMMUNITION AND HE FEELS THEY MAY BE UNREALISTIC ABOUT DELIVERY LEAD TIMES IN DELAYING. HIS EXPERIENCE WITH 5.56 AMMUNITION IS THAT AMERICAN (WINCHESTER OR REMINGTON) OR GERMAN MANUFACTURED AMMUNITION IS HIGHLY DESIRABLE. HE HAS LITTLE CONFIDENCE IN AMMUNITION MANUFACTURED IN SINGAPORE.

4. ACTION REQUESTED: (A) CONTRACT BECOMES EFFECTIVE DATE EXPORT LICENSE IS ISSUED. ROY WILL BE IN WASHINGTON IN OFFICE OF MUNITIONS CONTROL SEPT 22. RECOMMEND THAT DEPT EXPEDITE ISSUANCE OF LICENSE. (ROY SAYS COLT WILL TRY TO SHAVE 120 DAYS DELIVERY PERIOD AND STILL HOPES MAY BE ABLE TO MAKE DELIVERIES BY END OF YEAR.) (B) DEPT MAY WISH TO PASS WORD TO WINCHESTER AND REMINGTON THAT THERE IS MARKET HERE AND IT MIGHT BE WORTHWHILE TO DISPATCH SALESMEN. UNDERHILL

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